

**Minnesota Statutes, Chapter 72A Suitability in Annuity**  
**Q & A found online at <http://mn.gov/commerce/>.**

**Insurance Licensees**

**(#1) QUESTION:** Did Minnesota pass 2013 legislation regarding the NAIC suitability in annuity transactions?

**(#1) DOC ANSWER:** Yes, House File 791 became effective June 1, 2013. The law, covered under Minnesota Statutes Chapter 72A, relates to suitability in annuity transactions and includes a requirement for insurance producers holding a life insurance line of authority to complete a one-time initial four-credit annuity suitability training course.

**(#2) QUESTION:**

**(A)** I have held an active insurance producer license with the Life line of authority since before 6.1.2013. When I am required to have the initial four-credit training for “Annuity Suitability”?

**(B)** I became or will become licensed as an active insurance producer license with the Life line of authority between 6.1.2013 and 12.31.2013. When I am required to have the initial four-credit training for “Annuity Suitability”?

**(C)** I will become licensed as an active insurance producer license with the Life line of authority on or after 1.1.2014. When I am required to have the initial four-credit training for “Annuity Suitability”?

**(#2) DOC ANSWER:**

**(A)** Agents licensed with a Life line of authority before 6/1/2013 have until 7/1/2014 to complete the initial four-credit training.

**(B)** Agents who become licensed with a Life line of authority between 6/1/2013 and 12.31.2013 have until 7/1/2014 to complete the initial four-credit training.

**(C)** Agents who obtain a license on or after 1.1.14 must complete the initial four-credit training before engaging in the sale of annuities.

**(#3) QUESTION:** I’m a non-resident. Am I required to complete this MN initial four-credit training for “Annuity Suitability” course?

**(#3) DOC ANSWER:** Any non-resident or resident, who holds an active non-resident or resident MN insurance producer license with a Life line of authority, who wants to solicit the sale of an annuity product in MN, is required to complete the initial four-credit annuity suitability training in order to do so. Keep in mind that the MN DOC will not be auditing this requirement. It is the ongoing responsibility of the producer’s insurer to document that the training completed is substantially similar to the provisions of 72A.2033. Subd.2.

**(#4) QUESTION:** Is an insurance producer who holds an active license with a Life line of authority required to complete the initial four-credit annuity suitability training in order to renew their MN Life license?

**(#4) DOC ANSWER:** Keep in mind that the MN DOC will not be auditing this requirement at your license renewal. It is the ongoing responsibility of the producer’s insurer to document that the training completed is substantially similar to the provisions of 72A.2033. Subd.2.

**(#5) QUESTION:** Is an insurance producer who holds an active license with a Life line of authority, but does not want to solicit annuity products, required to complete the product training (Subd.1) or the initial four-credit annuity suitability training (Subd.2)?

**(#5) DOC ANSWER:** The new law in 72A states that both the product training and the initial four-credit annuity suitability training are only required for an insurance producer who does want to solicit the sale of an annuity product.

**(#6) QUESTION:** My insurer is requiring me to complete a course regarding their annuity products.

**(A)** Do I have to complete it?

**(B)** Is this the same course as the four-credit annuity suitability training?

**(#6) DOC ANSWER:**

**(A)** Your insurer is most likely referring to 72A subdivision 1 and not 72A subdivision 2. They will require that you complete their annuity product training in order to be in compliance with that portion of the law. Effective June 1, 2013 your insurer is required to make sure that all insurance producers who want to offer their annuity products have adequate knowledge of their product to recommend the annuity. Per: 72A.2033 Subdivision 1.

**Requirement.** An insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. An insurance producer may rely on insurer-provided product-specific training standards and materials to comply with this subdivision.

**(B)** The product training course will NOT satisfy the four-credit annuity suitability training required in 72A subdivision 2.

**(#7) QUESTION:** I completed a 4-credit annuity suitability course in another state. Will that course satisfy the initial four-credit annuity suitability training for MN?

**(#7) DOC ANSWER:** The training must be substantially similar to the initial four-credit annuity suitability training required by the provisions of Minnesota Statute Chapter 72A. Subd.2. The insurance producer's insurer must verify the course content similarity and the insurance producer's completion of this initial four-credit annuity suitability training before allowing the producer to sell any of their annuity products.

**Do you have a question about the Suitability in Annuity training that is not answered above? Please send it to [education.commerce@state.mn.us](mailto:education.commerce@state.mn.us).**

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Minn. Statutes Chapter 72A  
Suitability in Annuity  
CONTINUING EDUCATION PORTION ONLY

**72A.2031 DEFINITIONS.**

**Subdivision 1. Definitions.** For purposes of sections 72A.203 to 72A.2036, the terms defined in this section have the meanings given them.

**Subd. 2. Annuity.** "Annuity" means an annuity that is an insurance product under state law that is individually solicited, whether the product is classified as an individual or group annuity.

**Subd. 4. Continuing education credit or CE credit.** "Continuing education credit" or "CE credit" means one continuing education credit earned pursuant to section 45.30, subdivision 4.

**Subd. 5. Continuing education provider or CE provider.** "Continuing education provider" or "CE provider" means an approved education provider under chapter 45.

**72A.2033 INSURANCE PRODUCER TRAINING.**

**Subdivision 1. Requirement.** An insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. An insurance producer may rely on insurer-provided product-specific training standards and materials to comply with this subdivision.

**Subd. 2. Initial training.**

**(a)** An insurance producer who is otherwise entitled to engage in the sale of annuity products shall complete a onetime four-credit training course approved by the commissioner and provided by a continuing education provider approved by the commissioner prior to commencing the transaction of annuities. Insurance producers who hold a life insurance line of authority on the effective date of sections 72A.203 to 72A.2036 and who desire to sell annuities shall complete the requirements of this subdivision no later than six months after

January 1, 2014. Individuals who obtain a life insurance line of authority on or after January 1, 2014, may not engage in the sale of annuities until the annuity training course required under this subdivision has been completed.

**(b)** The length of the training required under this subdivision must be four continuing education hours.

**(c)** The training required under this subdivision must include information on the following topics:

- (1) the types of annuities and various classifications of annuities;
- (2) identification of the parties to an annuity;
- (3) how fixed, variable, and indexed annuity contract provisions affect consumers;
- (4) the application of income taxation of qualified and nonqualified annuities;
- (5) the primary uses of annuities;
- (6) appropriate and lawful sales practices, replacement, and disclosure requirements, and suitability information and whether an annuity is suitable for a consumer; and
- (7) the recognition of indicators that a prospective insured may lack the short-term memory or judgment to knowingly purchase an insurance product.

**(d)** Providers of courses intended to comply with this subdivision shall cover all topics listed in the prescribed outline and shall not present any marketing information or provide training on sales techniques or provide specific information about a particular insurer's products.

**(e)** A provider of an annuity training course intended to comply with this subdivision must be an approved continuing education provider in this state and comply with the requirements applicable to insurance producer continuing education courses.

**(f)** Annuity training courses may be conducted and completed by classroom or self-study methods in accordance with chapter 45. In order to assist compliance with this section, all courses approved by the commissioner for the purposes of this section shall be given the course title "Annuity Suitability and Disclosure." Only courses satisfying the requirements of this section shall use this course title after the effective date of this section.

**(g)** Providers of annuity training shall comply with the course completion reporting requirements of chapter 45.

**(h)** The satisfaction of the training requirements of another state that are substantially similar to the provisions of this subdivision satisfies the training requirements of this subdivision in this state, but does not satisfy any of the continuing education requirements of chapter 60K unless the training requirements of the other state are satisfied through one or more continuing education courses approved by the commissioner.

**(i)** An insurer shall verify that an insurance producer has completed the annuity training course required under this subdivision before allowing the producer to sell an annuity product for that insurer. An insurer may satisfy its responsibility under this subdivision by obtaining certificates of completion of the training course or obtaining reports provided by commissioner-sponsored database systems, vendors, or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers. If such data collection and reporting arrangements are not in place, an insurer must maintain records verifying that the producer has completed the annuity training course required under this subdivision and make the records available to the commissioner upon request.

**EFFECTIVE DATE.** This act is effective June 1, 2013.